



Article Title

Effect of Pricing Strategy and Growth of Selected Hotels in Nyeri County, Kenya

Citation

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Abstract

Price is a very important part of the marketing mix as it can affect both the supply and demand of the firms' products. Since pricing strategies influence has an impact on market share, performance and growth of the firm, every firm has its separate pricing policy or strategy for its products. This study therefore sought to examine the effect of pricing strategy on growth of selected hotels in Nyeri County, Kenya. The study was anchored on Ansoff matrix; 4C's marketing model and Unique Selling Proposition. The study used descriptive research design. The study used questionnaire as the primary research instruments. The researcher used Cronbach alpha Coefficient to assess reliability of data using. The target population for this study was the 57 respondents from selected hotels within Nyeri County. A self-administered, questionnaire was used to collect data from the target respondents. Data analysis results generated using SPSS version 21 was presented in form of frequency tables. Bivariate Linear Regression results indicated that price had positive and statistically significant effect on hotel growth. The study recommends the hotel managers to review their prices regularly without compromising quality. In addition, hotels should come up with criteria that should ensure communication reach all the potential customers effectively. Future research should focus on other marketing mix variables such as promotion, place and product to establish the effect on growth of hotels.

Conclusion

The general aim of the study was to find out the effects of pricing strategy on the growth of hotels in Nyeri County, Kenya. Pricing strategy was found to be one of the major factors affecting growth of hotels in Nyeri County. The results of the study revealed that there is a

positive as well as statistically significant relationship between pricing strategy and growth of hotels in Nyeri County. The prices of rooms, beverages, breakfast and standard lunch were prices found to have greater impact on growth of hotels. Generally, the price of hotels products and services depends on many factors such as the time of year whether its peak season or off peak seasons, the physical specifications of the room such as room size, room service among others, the specification of the hotel including location, star rating, hotel brands, amenities among others, the market competitors prices, the duration of stay, the rate of occupancy, and the number and type of guests. Therefore hotels should review their pricing strategies and policy to ensure that they offer different prices for their products based on the quality of the products and ensure that price changes is effectively communicated to the potential customers although such changes should not be very often. The rationale is that pricing strategy is economically growth elastic. Considering weekdays, when customers are prevalently business people, the lowest prices seem to appear in the period immediately preceding the hotel stay. Instead, on a weekend, when the number of leisure customers is predominant, prices tend to increase when approaching the check-in date. The presence of significant trends that are heterogeneous according to the booking period and hotel characteristics, such as the star rating, is confirmed by means of panel data techniques. In particular, both in the mid-week and in the weekend date, last minute booking is characterized by a higher price differential between high star and low star hotels. Furthermore, a variable approximating demand shocks at the city level was created and proved to significantly affect hotelier pricing dynamics. As expected, the price tends to increase when there is a scarcity of hotels available to book in a certain area. This suggests strategic behavior, with hotels adapting optimal prices according to competitor room availability.